

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6213**

**BILL NUMBER:** HB 1872

**DATE PREPARED:** Feb 21, 2001

**BILL AMENDED:** Feb 20, 2001

**SUBJECT:** Disputed Medicaid Hospital Claims.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the Medicaid Primary Care Case Management program and the Risk-Based Managed Care program to cover and pay for certain emergency services. The bill also amends the definition of "emergency". (The introduced version of this bill was prepared by the Interim Study Committee on Medicaid Oversight.)

**Effective Date:** Upon Passage; January 1, 2001 (retroactive).

**Explanation of State Expenditures:** This bill defines when a claim should be considered to be "denied" or "disputed" for the purposes of claims payment arbitration in the relationship between a hospital and a Medicaid managed care organization. Medicaid expenditures would only be affected if the arbitration procedure resulted in sufficiently higher costs to the managed care organization such that those higher costs would be reflected in increased future capitation rates paid by the state.

The bill also contains two provisions which put the state into compliance with federal regulations for the Medicaid and the Children's Health Insurance Program (CHIP). Since federal regulations have precedence, any fiscal impact that might be associated with these provisions would be attributable to the federal regulations rather than this bill.

The costs of the Medicaid program are shared with the federal government (Approximate cost shares are 62% Federal and 38% State.). The costs of the CHIP program are shared at an enhanced rate of approximately 73% by the federal government and 27% by the state.

**Explanation of State Revenues:** See Explanation of State Expenditures, above, regarding federal reimbursement in the Medicaid and CHIP programs.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning.

**Local Agencies Affected:**

**Information Sources:**